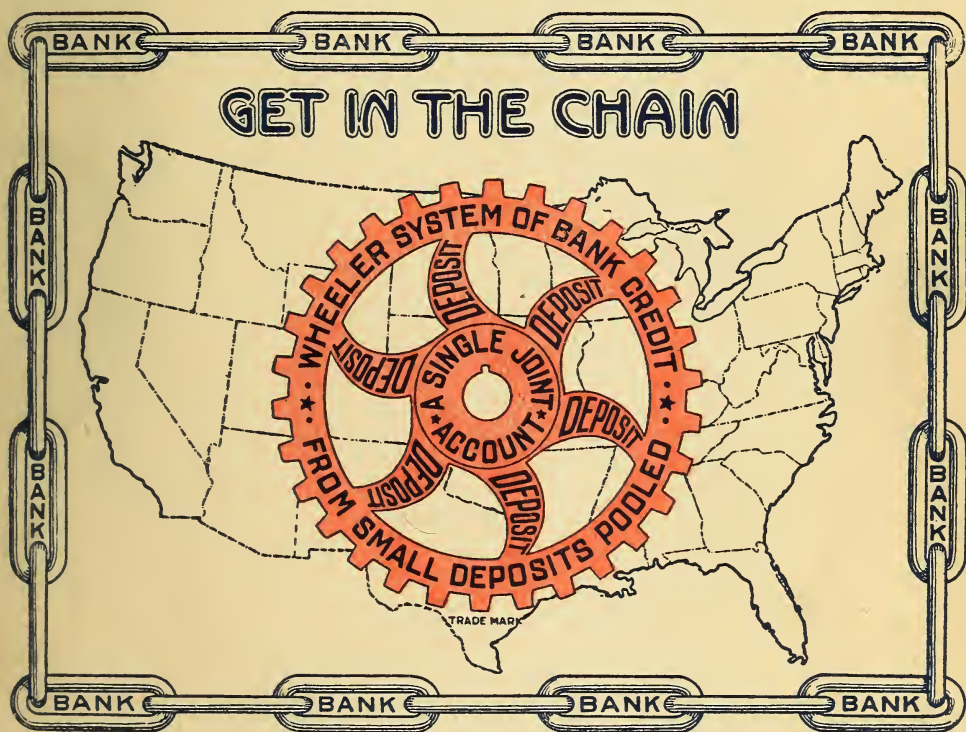


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A NEW SYSTEM
of
Banking and Credit

Established by Pooling
Small Bank Balances
in a
Single Joint Account

(Copyrighted by D. B. Wheeler.)
1916

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SEP 28 1916

© Cl. A 437879

no. 1.

Wheeler Industrial Banking and Credit System

(Patent Applied For.)

Formed of small bank depositors voluntarily organized into Wheeler Industrial Banking and Credit Association, the object of which is to pool their balances by depositing their funds in a joint savings account—convertible into a checking account—the aggregate to form a borrowing bank credit available for the accommodation of members desiring a loan to make purchases or to cancel obligations. A bank guaranteed investment is provided by the bank affording the members an opportunity to convert their certificates of deposit into Association Loan Investment Bonds, taking the place of time deposits and affording a higher rate of interest.

The bank receiving a deposit for the joint account of the association will issue to the depositor a negotiable interest-bearing certificate of deposit, combined with and inseparable from a withdrawal order—subject to withdrawal on joint signature of depositor and president of the association. The withdrawal order, when properly made out, cancels the certificate of deposit and serves as a certified check for the face value of the certificate plus accrued interest.

Loans will be made to members by the bank on sufficient cash security provided by a guarantee loan fund at the regular commercial rate of interest, payable in advance; principal payable within one year from date of loan in twelve monthly installments.

Cash security on loans to members endorsed by the association is provided by each member agreeing that 5% of his deposits shall be reserved to establish an association in a Guarantee Loan Fund. The bank in turn shall agree to reserve, out of its earnings, an amount not to exceed 3% on all loans made to members to be credited to a bank guarantee loan fund from which loan investors shall be secured against defaulting loans. If this fund should prove insufficient, the association guarantee loan fund shall be drawn on by the bank without further authorization. This establishes the credit on a regular banking basis within the scope of the banking laws.

Loan Investment Bonds shall bear interest at 2% additional to the interest on certificates of deposit. Applications for loan investment bonds must be made to the association, accompanied by certificates of deposit to secure payment of bonds when issued. Loans will be made at the commercial rate of interest, to the amount of the applications on file, at which time the bond will be issued and the certificates cancelled. Bonds with accrued interest are payable at maturity by the bank.

ADVANTAGES EXCLUSIVE TO BANKS
ADOPTING
THE WHEELER SYSTEM.

\$11,500,000,000 BECOMES AVAILABLE

as profitable deposits, but is of no value to other banks.

\$15,500,000,000 IN NEW SAFE CREDIT

is created by the operation of the system, showing a return of 12.45 per cent on investment.

30,000,000 PEOPLE

heretofore of very little value to banks as depositors become desirable and profitable as such.

THE LABORER'S ACCOUNT

with his small balance becomes proportionately as valuable as that of the railroad president.

LITERAL TRUTH IN ADVERTISING

from an almost inexhaustible fund of facts, offering advantages to depositors impossible to other banks.

No. 102.

Washington, D. C., -----, 191-----

Received of

Certificate of Deposit.

Issued by MUNSEY TRUST CO., for

(\$-----)

Dated

Signed

Pres. W. I. B. & C. Ass'n.



No. 102.

THE MUNSEY TRUST COMPANY

Certificate of Deposit and Withdrawal Order.

Washington, D. C., -----, 191-----

has deposited

(\$-----)

Bearing interest of 1c. every 4 months on a \$1 certificate.

1c. every 2 months on a \$2 certificate.

1c. every month on a \$4 certificate. And same rate of interest on every multiple thereof.



MUNSEY TRUST CO. Per

To be Credited to the Account of the General Fund of the

WHEELER INDUSTRIAL BANKING AND CREDIT ASSOCIATION

Subject to Withdrawal When Order on Reverse Side is Signed by the
President of the Association and Depositor.

SPECIMEN

| Monthly Interest On | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 | 21 | 22 | 23 | 24 | 25 | Cents |
|---------------------|---|---|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|-----|---------|
| | 4 | 8 | 12 | 16 | 20 | 24 | 28 | 32 | 36 | 40 | 44 | 48 | 52 | 56 | 60 | 64 | 68 | 72 | 76 | 80 | 84 | 88 | 92 | 96 | 100 | Dollars |

Washington, D. C. 191

THE MUNSEY TRUST COMPANY MUNSEY BUILDING.



Pay to Order of----- \$-----
 and charge to the general fund of the Wheeler Industrial Banking and credit Association.

The Sum of-----
 Which includes accrued interest due and cancels Certificate of Deposit on face side.

SIGNED..... Depositor.

SIGNED..... Pres. Assn.

SPECIMEN

THE MUNSEY TRUST COMPANY

_____% Loan Investment Bond ____%

—For—

(\$_____) _____ (\$_____)

Washington, D. C. _____ 191_____

ONE YEAR FROM DATE

The Munsey Trust Co., will pay to _____
And charge to the account of the general fund of Wheeler Industrial
Banking and Credit Association.

(\$_____) _____
with accrued interest at the rate of ____% per annum.

Pat. Apld. for

Signed _____



TRADE MARK

SPECIMEN

THE MUNSEY TRUST COMPANY

Application for a

-----%

Loan Investment Bond

—For—

(\$-----)

(\$-----)

Washington, D. C., -----, 191---

I, the undersigned, hereby make application for a -----% Loan Investment Bond and place with the Wheeler Industrial Banking and Credit Association certificates of deposit to the amount of the bond applied for, made payable to the MUNSEY TRUST CO., as security for the said bond; the said certificates of deposit to remain in possession of the association until loan is made.

When loan is made, said certificates of deposit are to be surrendered to the MUNSEY TRUST CO., which will cancel same and issue in lieu thereof a Loan Investment Bond for the amount of certificates of deposit, plus the accrued interest thereon in even cents. Payable by the MUNSEY TRUST CO., with accrued interest thereon, one year from date of issue

Pat. Appl. for

Signed-----



TRADE MARK



SPECIMEN

THE MIRACULOUS PITCHER

Modernized Becomes

THE MIRACULOUS DOLLAR

After being all spent to live on, 43c more may be spent from the same dollar.

A POOR MAN'S.....\$1.00

WILL BUY\$1.43

worth of goods if deposited in the

Wheeler Industrial Banking and Credit Association.

This is how it is done:

John Thrift receives his month's wages of \$60, gives Mrs. Thrift \$10 for living expenses and deposits the remainder.

| | Deposits. | Draw. | Balance. | Bal. for 7 days. | Equal. |
|--------|-----------|------------------|----------|---------------------|--------------|
| Jan. 1 | \$50 | | \$50 | \$50 | \$350 |
| " 7 | — | \$10 | \$40 | \$40 | \$280 |
| " 14 | — | \$10 | \$30 | \$30 | \$210 |
| " 21 | — | \$10 | \$20 | \$20 | \$140 |
| " 30 | — | \$20 to pay rent | | | |
| | | | | 30 days.. | <u>\$980</u> |

Average daily bank balance for month.....\$32.66

1,000 such accounts establishes \$32,660 daily balance. Under this system 95% of bank receipts are available for investment; this establishes a borrowing bank credit of \$31,027.

John Thrift establishes \$31.02 of that sum. Mrs. Thrift wants a phonograph, so John borrows \$31.02 from the bank, pays the interest of 6% in advance—which is \$1.86—receiving from the bank \$29.16 with which he buys the instrument.

What has happened is—

John received \$60 the first of the month; used it all to live during the month, still he could make a purchase of \$29.16 worth of goods.

He has but \$2.43 to pay each month, saving about 100% on the purchase by reason of having the cash to pay instead of installments.

HERE'S A MYSTERY!

A man borrows \$72 and pays only 6% per annum or \$4.32 for the use of it. The bank lending it gets \$7.49 for the use of it with \$3.80 still due on the transaction.

This is how it is done:

Loan of \$72 with interest paid in advance and principal paid back in 12 monthly installments of \$6 each.

| Date | | | Total Receipts. | Due end of year |
|------|------------------|--------------|-----------------------|--------------------|
| 1-1 | Loan of \$72 | -----\$72.00 | Int. on loan \$4.32 | |
| | Interest on \$72 | -----4.32 | | |
| | Re-loan | -----4.32 | | |
| 2-1 | Payment on \$72 | -----6.00 | | |
| | " " 4.32 | -----.36 | | |
| | Interest on 4.32 | -----.25 | Int. on \$4.32—.2591 | |
| | Re-loan | -----6.61 | " " 6.61—.36355 | .03305 |
| 3-1 | Payment on \$72 | -----6.00 | | |
| | " " 4.32 | -----.36 | | |
| | " " 6.61 | -----.55 | | |
| | Interest on 6.61 | -----.36 | | |
| | Re-loan | -----7.27 | Int. on \$7.27—.3635 | .0727 |
| 4-1 | Payment on \$72 | -----6.00 | | |
| | " " 4.32 | -----.36 | | |
| | " " 6.61 | -----.55 | | |
| | " " 7.27 | -----.60 | | |
| | Interest on 7.27 | -----.36 | | |
| | Re-loan | -----7.87 | Int. on \$7.87—.35415 | .11805 |
| 5-1 | Payment on \$72 | -----6.00 | | |
| | " " 4.32 | -----.36 | | |
| | " " 6.61 | -----.55 | | |
| | " " 7.27 | -----.60 | | |
| | " " 7.87 | -----.65 | | |
| | Interest on 7.87 | -----.35 | | |
| | Re-loan | -----8.51 | Int. on \$8.51—.3404 | .1702 |
| 6-1 | Payment on \$72 | -----6.00 | | |
| | " " 4.32 | -----.36 | | |
| | " " 6.61 | -----.55 | | |
| | " " 7.27 | -----.60 | | |
| | " " 7.87 | -----.65 | | |
| | " " 8.51 | -----.70 | | |
| | Interest on 8.51 | -----.34 | | |
| | Re-loan | -----9.20 | Int. on \$9.20—.322 | .23 |

Due end
of year

| | | | | | | |
|------|----------|---------|-------|-------|-----------------|--------|
| 7-1 | Payment | on \$72 | ----- | 6.00 | | |
| | " | " | 4.32 | ----- | .36 | |
| | " | " | 6.61 | ----- | .55 | |
| | " | " | 7.27 | ----- | .60 | |
| | " | " | 7.87 | ----- | .65 | |
| | " | " | 8.51 | ----- | .70 | |
| | " | " | 9.20 | ----- | .76 | |
| | Interest | on | 9.20 | ----- | .32 | |
| | Re-loan | | ----- | 9.94 | | |
| | | | | | Int. on \$9.94— | .2982 |
| 8-1 | Payment | on \$72 | ----- | 6.00 | | |
| | " | " | 4.32 | ----- | .36 | |
| | " | " | 6.61 | ----- | .55 | |
| | " | " | 7.27 | ----- | .60 | |
| | " | " | 7.87 | ----- | .65 | |
| | " | " | 8.51 | ----- | .70 | |
| | " | " | 9.20 | ----- | .76 | |
| | " | " | 9.94 | ----- | .82 | |
| | Interest | on | 9.94 | ----- | .29 | |
| | Re-loan | | ----- | 10.73 | | |
| | | | | | Int. on 10.73— | .26825 |
| 9-1 | Payment | on \$72 | ----- | 6.00 | | |
| | " | " | 4.32 | ----- | .36 | |
| | " | " | 6.61 | ----- | .55 | |
| | " | " | 7.27 | ----- | .60 | |
| | " | " | 7.87 | ----- | .65 | |
| | " | " | 8.51 | ----- | .70 | |
| | " | " | 9.20 | ----- | .76 | |
| | " | " | 9.94 | ----- | .82 | |
| | " | " | 10.73 | ----- | .89 | |
| | Interest | on | 10.73 | ----- | .26 | |
| | Re-loan | | ----- | 11.59 | | |
| | | | | | Int. on 11.59— | .2318 |
| 10-1 | Payment | on \$72 | ----- | 6.00 | | |
| | " | " | 4.32 | ----- | .36 | |
| | " | " | 6.61 | ----- | .55 | |
| | " | " | 7.27 | ----- | .60 | |
| | " | " | 7.87 | ----- | .65 | |
| | " | " | 8.51 | ----- | .70 | |
| | " | " | 9.20 | ----- | .76 | |
| | " | " | 9.94 | ----- | .82 | |
| | " | " | 10.73 | ----- | .89 | |
| | " | " | 11.59 | ----- | .96 | |
| | Interest | on | 11.59 | ----- | .23 | |
| | Re-loan | | ----- | 12.52 | | |
| | | | | | Int. on 12.52— | .1878 |
| 11-1 | Payment | on \$72 | ----- | 6.00 | | |
| | " | " | 4.32 | ----- | .36 | |
| | " | " | 6.61 | ----- | .55 | |
| | " | " | 7.27 | ----- | .60 | |
| | " | " | 7.87 | ----- | .65 | |
| | " | " | 8.51 | ----- | .70 | |
| | " | " | 9.20 | ----- | .76 | |
| | " | " | 9.94 | ----- | .82 | |
| | " | " | 10.73 | ----- | .89 | |
| | " | " | 11.59 | ----- | .96 | |
| | " | " | 12.52 | ----- | 1.04 | |
| | Interest | on | 12.52 | ----- | .18 | |
| | Re-loan | | ----- | 13.51 | | |
| | | | | | Int. on 13.51— | .1351 |
| | | | | | | .6755 |

Due end
of year

| | | |
|----------------------|-------|-----------|
| 12-1 Payment on \$72 | ----- | 6.00 |
| " " | 4.32 | ---- .36 |
| " " | 6.61 | ---- .55 |
| " " | 7.27 | ---- .60 |
| " " | 7.87 | ---- .65 |
| " " | 8.51 | ---- .70 |
| " " | 9.20 | ---- .76 |
| " " | 9.94 | ---- .82 |
| " " | 10.73 | ---- .89 |
| " " | 11.59 | ---- .96 |
| " " | 12.52 | ---- 1.04 |
| " " | 13.51 | ---- 1.12 |
| Interest on 13.51 | ---- | .13 |

| | | | | | |
|---------|-------|-------|----------------|-----------|-----------|
| Re-loan | ----- | 14.58 | Int. on 14.58— | .0729 | .8019 |
| | | | | \$7.49675 | \$3.80215 |
| | | | | \$72) | \$7.49675 |

.1041 per cent gain.

In this problem as figured, reinvestment of the smaller amount of interest is not carried out. This accounts for the different result of .1245 per cent obtained by figuring the same problem by the bank balance method, which is as follows:

The same problem loan account figured out by the method by which daily bank balances are figured, shows as follows:

| | | |
|------------------|---------|------------|
| Equal to loaning | \$67.68 | 1st month. |
| " " " | 61.68 | 2nd " |
| " " " | 55.68 | 3rd " |
| " " " | 49.68 | 4th " |
| " " " | 43.68 | 5th " |
| " " " | 37.68 | 6th " |
| " " " | 31.68 | 7th " |
| " " " | 25.68 | 8th " |
| " " " | 19.68 | 9th " |
| " " " | 13.68 | 10th " |
| " " " | 7.68 | 11th " |
| " " " | 1.68 | 12th " |

12)\$416.16. Equal to loaning \$416.16 for 1 month.

\$34.68 " " " 34.68 " 1 year.

\$34.68)\$4.32

.1245 per cent gain.

INDUSTRIAL BANKING

AND CREDIT

Up to the present time, modern banking has failed to devise a means of making small withdrawal accounts profitable, and but a small percentage of the incomes of the thirty millions of people working for a living has become bank deposits. Little or no inducement could be offered to them to become depositors, as the balances of quite a number are too small to be of any profit to the bank.

The following estimate, taken from the latest statistics, shows the immense amount of new, sound bank credit created for profitable investment and the vast sum of money brought into bank use by the Wheeler System: In 1910 there were employed in the manufacturing industries six and one-half millions of wage-workers with an average wage of \$518 per annum. Thirty millions of people were engaged in gainful occupations; fifteen and one-half billion dollars in wages were earned annually. This is about four times all the accumulated deposits in savings banks.

This estimate shows about \$155 to be the average annual wage per capita. The average wages of any city can be readily ascertained by multiplying 155 by the population.

The total accumulated deposits in savings banks, according to the report of the Comptroller of the Currency, is about four billion dollars; deducting this from the total annual wages of the working people, leaves eleven and one-half billion dollars available as profitable bank deposits, offering under the Wheeler System inducements to the depositors heretofore impossible.

The Wheeler System enables the bank to offer to this large body of wage-earners a banking service and the benefits of a borrowing bank credit—AT A PROFIT OF 12½ PER CENT!

The granting of loans to persons without property or the usual security is made possible by, and depends entirely upon, the safety of the loan investment. To the class of people having no commercial assets, cash is the only security possible, and this cash security is provided by establishing a Guarantee Loan Fund made up of a small pro-rata amount of the deposits of each member and supplemented by a percentage from the earnings on loans. The small probable losses are met by that part of the guarantee loan fund coming out of the earnings on loans; in case this is found insufficient, the guarantee loan fund contributed by the members is drawn on, making any default in the joint credit impossible. This distribution of the small losses

among a large number of people who assume their pro-rata share makes the individual loss too small to be felt.

The association guarantee loan fund is that part contributed by the members agreeing that 5% of their deposits shall be reserved for this fund as long as is deemed necessary by the bank to pay defaulting loans. That part of the guarantee loan fund coming out of the earnings on loans is established by the bank reserving an amount not exceeding 3% on loans made to members. It is from this that the guarantee loan fund is largely, if not entirely maintained. It is necessary for this fund to be in the custody of the bank which has a sound commercial reputation to give assurance that it will be faithfully applied to the liquidation of defaulting loans. Therefore the bank guarantees the credit extended to members on the cash security provided by the members jointly in the guarantee loan fund.

In the operation of this system there are two diverging interests: The bank and the pooled interests of the depositors. The association must, therefore, have a representative to administer and represent it as an executive in the transactions with the bank.

The certificate of deposit identifies that part of the deposit belonging to each depositor, dispenses with and takes the place of an account with the depositor. It precomputes the interest, is negotiable, and when negotiated becomes the same as a certified check, which any merchant would accept. At the same time it takes the place of the pass-book in preserving the savings-account feature of deposits, keeping them under the 5% bank reserve, which leaves 95% for investment. *There is no possibility of over-drawing on an account, nor are there any erroneous checks to contend with.*

Receiving or paying deposits requires no more time or work than a checking account. In making deposits, the depositor has the blanks bound the same as a check book, from which he makes out a certificate of deposit for the amount he wishes to deposit, at the same time making out a regular deposit slip; the receiving teller files the slip as usual and signs the certificate of deposit, which is left in the book. Payment of the withdrawal order is the same as the payment of a check.

The loan-investment bond is adopted to afford a higher rate of interest to those who do not need to draw on their funds for immediate use—the most provident of savers who do not anticipate they will ever need a loan but are attracted solely by an opportunity for higher interest. The

bond serves another purpose in distributing the loans among depositors in varying small amounts, as per example: A, B and C having \$20, \$30 and \$50 respectively, which they wish to convert into loan-investment bonds, file applications and indorse their certificates of deposit to the bank. They are kept until an application for a loan covering the amount is indorsed, at which time the certificates are canceled and bonds issued in lieu thereof; thus the application keeps the bond from being issued until an investment is provided to pay the increased interest.

In extending loans of this character, it is necessary to divide the payments into installments, otherwise the borrower could never repay. Having the interest prepaid, and the installments for re-investment, materially increase the earnings of the bank.

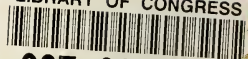
It is well known that many banks, in seeking depositors, advertise liberal inducements to attract depositors which they cannot literally carry out. Certain restrictions—not appearing in the advertisements—are necessary to make the account profitable. This brings disappointment to the depositor in not getting what he expected, while the bank gets many accounts on which the daily balance is too small to pay to carry the account.

The facts from which to draw for advertising propaganda are almost unlimited, and keep this end of the business out of the stereotyped rut by giving the advertising the novel feature of being both *unusual* and *literally true*. The loan feature is of such importance that no wage-earner can afford to stay out. Such credit as has been available to him has been based on a gambler's chance, where possible losses were well covered by excessive charges in interest, commissions, etc. The big profits to the bank and the saving effected by the simplicity in operating the system, make it possible for the bank to offer as big an interest on withdrawable deposits as is usually offered on time deposits, and on time deposits it can offer a bigger interest than has ever before been offered by a bank.

The scope of this system is necessarily national, and the trade-mark adopted gives it an identity known universally. The trade-mark is designed to show and typify its basic construction and accomplishment; the wheel signifies industry; the hub the single joint bank account; the spokes the deposits forming it; the rim encircles and joins all into a complete whole; the bank credit established by the pool is represented by the rim and cogs which move the wheels of industry.

This is a means of making the whole nation familiar with the system, and will command public confidence and become an asset in good will to any bank using the system.

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